

Transportation Pricing Statement and Context
Transportation Implementation Working Group (TIWG)
Transportation Pricing Subgroup

The TIWG is actively considering transportation pricing considered as a means to meet revenue needs and manage traffic in both the Seattle and Portland/Vancouver urban areas. The first Climate Action Team recognized there is an opportunity to use pricing also to reduce greenhouse gases and help meet vehicle mile traveled (VMT) reduction benchmarks.

The TIWG, under its mandate from the Washington State Climate Action Team (CAT), has the responsibility to:

- Identify potential transportation pricing strategies
- Identify key implementation considerations
- Identify the Greenhouse Gas (GHG) and Vehicle Miles Traveled (VMT) reduction potential of transportation pricing strategies
- Identify relationship of transportation pricing strategies to other TIWG strategies
- Identify impacts to vulnerable constituencies and mitigation options (Per HB 2815 Section 8)

Washington State objectives for GHG and VMT reduction will not be met without usage-based transportation pricing. To meet these objectives, it isn't if, but when and how transportation pricing strategies are implemented, and what role they play in the portfolio of strategies.

Effect of Pricing on VMT

Tolls, parking charges, and VMT or gasoline taxes are all examples of usage-based pricing. From the traveler's point of view, each of these methods causes the driver to consider whether the trip they are making is worth the cost and to adjust their driving habits accordingly – some will choose to use transit or carpool, others will shift their trip to another time of day. Some will determine that the trip was not needed or a shorter trip will suffice. Road pricing can be structured to lower vehicle miles traveled while managing traffic flows more efficiently and providing more trip time reliability. Road pricing can further reduce VMT by funding alternatives like transit, cycling, and walking or providing an incentive to invest in a more efficient vehicle.

PSRC has estimated that full system road pricing (including arterial streets) could reduce VMT by around 10% by 2020, and full freeway tolling could reduce GHG emissions by 6% compared against a No Action option. The VMT-reduction could be greater (or less) with different toll rate assumptions and with additional investments in the transportation system.

Many factors influence the contribution of pricing to VMT/GHG reduction:

- **How toll rates are set:** Higher tolls provide a greater incentive to conserve travel. Toll charges that vary based on distance, congestion levels or auto-occupancy, for example, provide incentives to make shorter trips, to avoid congested periods or to carpool.
- **How revenues are spent:** Toll revenues that fund transit operations or other alternative modes will likely have a greater impact on GHG reduction than if they are used for new freeway capacity expansion. Pricing and how revenues are spent should be considered together to determine the GHG reduction potential of pricing.
- **How comprehensively tolling is implemented:** If tolls are applied on a corridor basis they are more likely to be tied to road expansion projects and will have a more constrained effect on demand management. A more comprehensive approach may cause drivers to make a more substantial change in travel decisions.
- **Effect on transportation performance:** Paradoxically, reducing demand typically results in improved speeds and increased throughput per lane per hour on congested roadways. Improved freeway performance may incent some people to make trips they would have avoided under more congested conditions.

Policy considerations and specific actions

The TIWG is recommending using transportation pricing strategies as a means of raising needed revenue, as well as a method to manage the system for better efficiency and reliability. Tolls would provide an increment of new revenues to supplement gas taxes, which produce less value over time because they do not rise with inflation, and will decline further as drivers conserve fuel and travel less in the future. The TIWG considered policy and implementation considerations that could increase the affect of pricing on achievement of VMT/GHG reduction goals:

- **Goal parity:** We recommend that VMT/GHG reduction be considered as equal to revenue and system management objectives in design, development of pricing strategies and actions, and in the regulation of toll rates.
 - Action: Analysis of proposed tolling projects and rate-setting regulation should include VMT/GHG reduction as an equal criterion to revenue and performance factors.
- **Use revenues to fund sustainable transportation:** Using tolls used to fund large-scale freeway capacity expansion could set back efforts to reduce VMT and greenhouse gas emissions. Yet, transitioning to more sustainable travel patterns, e.g., carpooling or use of public transit, will require a significant monetary investment. We recommend that pricing legislation and authority allow and encourage inclusion of transit operations and other sustainable transportation investments as part of the toll-funded cost of operating and maintaining the facility. Expanded transit, vanpool, and carpool services could help mitigate the

impacts of tolls on low income people, and traffic impacts of highway construction impacts.

- Action: The State Legislature should provide direction to include transit operations as part of the toll-funded facility operating cost in individual tolling authorizations (e.g. Cross-lake corridor - SR 520 and I-90).
- **Rate-setting incentives:** Design toll strategies that incorporate incentives to individual actions that will reduce VMT and greenhouse gas emissions.
 - Action: The Transportation Commission should establish toll rate policies that encourage drivers to make fewer and shorter trips, use less polluting vehicles, or consider other modes other than SOV driving. Examples could include subsidies or exclusions for transit and carpools, and/or higher prices for more polluting vehicles.
- **Broad application:** A broader application of tolling will promote greater achievement of revenue, efficiency, and GHG-reduction goals. Broad application also helps avoid geographic inequity due to tolling some roads and not others, and could set a context allowing more flexible use of revenues and greater consistency in the application of tolls from the customer's point of view.
 - Action: In 2008, the State Legislature should grant authority for tolling of the Cross-Lake corridor including SR 520 and I-90.
 - Action: In 2010, the State Legislature should establish a legislative task force to review tolling authority, and explore how to move towards a system-wide application of tolling, rather than on a project-by-project approach.
- **Prioritize transit and freight:** (Discussion on recommendation at TIWG meeting)
- **Fairness, consistency, and transparency:** Tolling strategies must be publicly acceptable, i.e., public seeing the value to them derived from tolling; and to achieve that, tolls should be managed fairly, consistently, and transparently. Tolling plans should provide users with a reasonable alternative to paying the toll. Reasonable alternatives may include improved transit service and increased transit reliability. These qualities are a precondition for achieving flexibility in rate-setting.
- **Other pricing mechanisms:** Tolls are not the only form of pricing that could address GHG and VMT reduction goals. A low VMT future would encourage local travel, requiring greater investment in local infrastructure. Other pricing mechanisms should also be considered that may be more directly linked to GHG or VMT reduction and that could be applied at both the local and regional scale.
 - Action: The State Legislature should establish a task force on state and local transportation funding to propose pricing mechanisms that could fund

transportation and transit needs with a mechanism that creates price incentives to reduce VMT and greenhouse gas emissions, with a goal to pass expanded transportation pricing and funding legislation.